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Restaurant News®

THE NEWSWEEKLY OF THE FOODSERVICE INDUSTRY

SECOND CLASS

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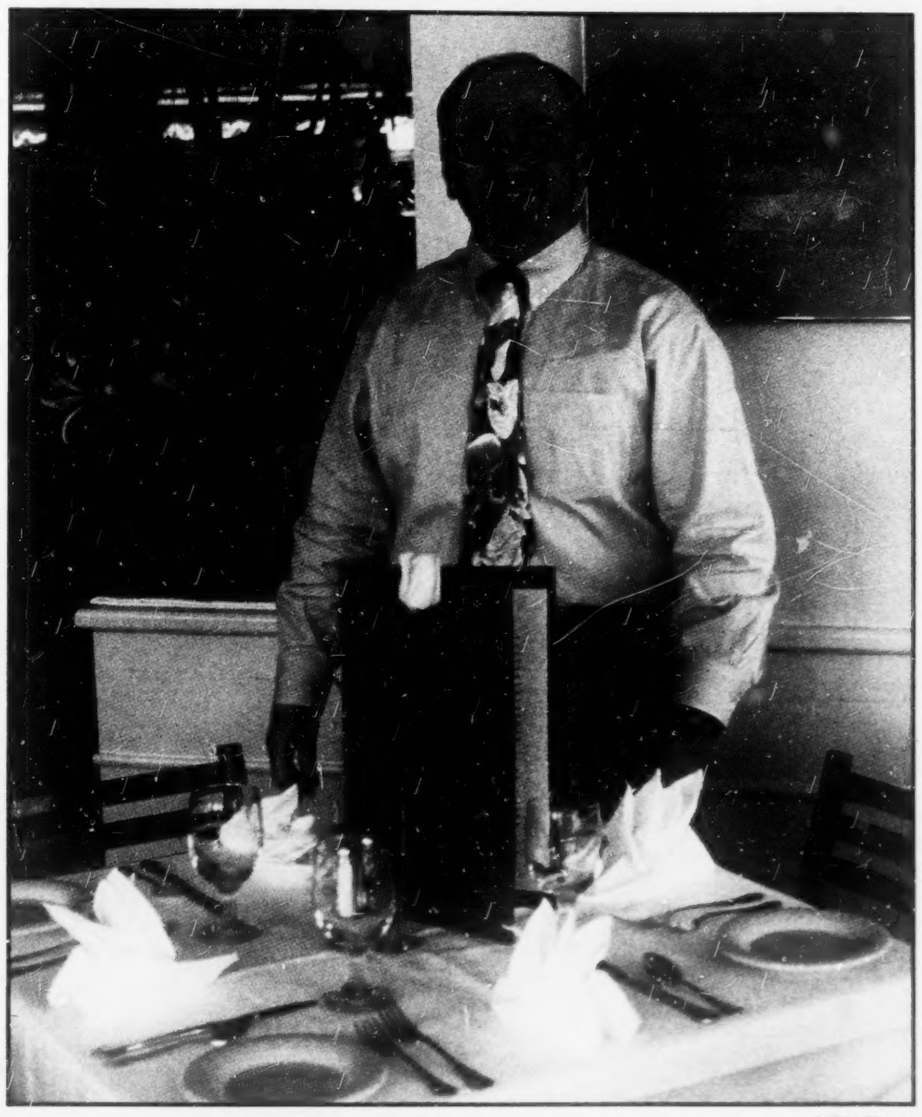

NRN Photo

La Mer owner Walter Aymen in the stylish new seafood restaurant that is leading Houston's new wave of seafood restaurant openings.

Non-fried seafood making new waves for Houston diners

by Carolyn Walkup

HOUSTON — Seafood is making a big splash here as the traditional deep fryer takes a back burner to the grill.

New restaurants, such as La Mer, Floyd's Seafood Kitchen and Blue Water Grill, are distancing themselves from many older local seafood places by offering fresh fish and seafood in non-fried preparations.

At the same time, Tony Vallone, operator of three of the city's best-known restaurants — Tony's, Anthony's and the Grotto — is planning to open his first seafood restaurant later this year. And, as with the other new players, grilled fish is expected to be a staple of the menu.

La Mer, a sophisticated white-tablecloth operation on Post Oak Boulevard operated by Walter Aymen of Cent'anni Gran Ristorante, features fish from all over the world. The different varieties are grilled, sautéed, steamed, poached or cooked in other ways appropriate to the species.

"I opened La Mer because my diners were repeatedly asking where to find the best seafood in an upscale atmosphere. Houstonians are tired of Gulf coast fried fare," Aymen said.

His chef, Arturo Boada, leans toward Southwestern

(See HOUSTON, page 4)

Fast feeders accelerate minority licensing drive

by Milford Prewitt

Motivated by changing demographics and pressure from advocacy groups, several quick-service chains are stepping up their efforts to recruit and retain minority franchisees.

However, a major slowdown in all restaurant franchising coupled with a tough economic environment is frustrating their efforts.

Some chains have created vice-president-level positions specifically to handle minority licensee recruitment. Others have promoted successful minority franchisees in in-chain magazines, created special loan programs and lowered net-worth entry requirements.

The efforts come some two decades after several fast feeders initiated vigorous programs that, despite being designed to attract minority franchisees, have yielded just a smidgen of minority operators.

According to franchising research firm Francorp, although the restaurant industry has the third-highest concentration of minority operators in eight heavily franchised fields, minorities made up only 8.5 percent of all restaurant industry franchisees in 1990.

Yet racial and ethnic minorities accounted for 25.4 percent of the population in the 1990 census and are expected to account for about 29 percent of the population by 2000, according to the U.S. Census Bureau.

Although most restaurant chains have been more successful employing and advancing the careers of minorities and have succeeded finding minority vendors, minority group franchising has been a mixed bag and in some cases is fraught with controversy and discord.

An array of socioeconomic factors contributes mightily to the difficulty in enlisting minority franchisees. Among them are minorities' lack of access to capital, the recession,

(See RECRUITING, page 41)

Failed coup lifts spirits of operators

U.S. restaurateurs eager to resume Soviet ventures

by Milford Prewitt

MOSCOW — Soviet President Mikhail Gorbachev's return to power after an aborted coup energized American restaurant operators, who say they are more encouraged now to develop joint ventures and expand their concepts in the Soviet Union.

From New York deli men plotting their first units to international giants like Pizza Hut, American foodservice operators agree that the coup failed because Russian citizens refused to turn the clock back and are demanding democratic reforms and a free-market economy.

"Once the genie is out, you

(See FAILED COUP, page 67)

NRN Photo

Bill Sherrill, left, owner, and Christian Boos, brewmaster, tend the vessels at Spring Garden Brewing Co. in Greensboro, N.C.

Bible Belt brew-pubs sprout up as old laws crumble in many states

by Jack Hayes

The Prohibition-era laws that have banned Bible Belt brew-pubs for more than 50 years are being wiped from the legislative tablets in all but the most conservative corners of the Southeast, spawning a wave of new microbrewery-restaurants.

Just four Southeastern states — Alabama, Georgia, Mississippi and South Carolina — still have statutes that outlaw brew-pubs by forbidding

(See BREW-PUBS, page 67)

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Vol. 25, No. 34 September 2, 1991

NEWS BRIEFS

Pizza Hut delivers pies to Yeltsin and coup resisters

MOSCOW -- Pizza Hut played a small part in defeating the coup d'etat here by helping to fortify the principal opponent, Russian president Boris Yeltsin, and the Soviets who rallied to his cause.

The pizza chain's units here delivered 260 pizzas and 20 cases of soft drinks to Yeltsin and his supporters in and around the Russian Parliament, where they were holed up in anticipation of an attack by Soviet troops. Their resistance proved critical in thwarting the attempted ouster of President Mikhail Gorbachev and his reformist allies.

Pizza Hut said it did not charge for the refreshments.

Connecticut cuts sales tax but passes income levy

HARTFORD, Conn. — At a time when many states are walloping retail businesses with detrimental tax increases, Connecticut has given its operators a break, cutting the sales tax by two points, to 6 percent, and rescinding a 20-percent corporate surcharge.

The sales tax was cut specifically to bolster the state's flagging economy.

However, the advantages to businessmen living within the state will be tempered by the imposition of a new 4.5-percent income tax. The state did not formerly have an income levy.

The income tax was the subject of a fierce political debate within the Nutmeg State. Gov. Lowell Weicker, who is not aligned with either major political party, insisted that an income tax be included in the legislation, while the Democrat-controlled Legislature steadfastly opposed the levy.

The impasse left Connecticut without a budget for the first seven weeks of its fiscal year.

Frisch's sells, closes Big Boys in 4-state area

CINCINNATI — Frisch's Restaurants Inc. has sold or shuttered 15 unprofitable Big Boy units in Florida, Kansas, Oklahoma and Texas.

"We didn't see any light at the end of the tunnel," said Frisch's chief executive, Craig Maier. "Those sites just weren't making money for several years. We've always been able to absorb the margins, but enough is enough."

Maier said Frisch's sold five of the Big Boy units at an undisclosed price, licensed seven restaurants to a former Frisch's executive and several employees of the company, and closed three other stores.

However, Maier noted that Frisch's will maintain the Big Boy franchise rights for the four states, while continuing to operate its 100 Big Boy restaurants in Ohio, Indiana and Kentucky.

Rep. Lantos scolds fast-food prexy in child-labor probe

REDWOOD CITY, Calif. — Rep. Tom Lantos, chairman of the House subcommittee mulling a bill to add criminal penalties for the most serious child-labor law infractions, chided the president of Jack in the Box for the chain's numerous violations of rules regulating the employment of minors.

"Who was monitoring safety at Jack in the Box — the clown?" Lantos asked Robert J. Nugent Jr., president and chief executive of the 1,100-unit chain, according to the San Francisco Chronicle's report on last month's subcommittee hearing here. Jack in the Box, whose signs include a clown caricature, was cited 354 times and fined $94,000 in California last year, mostly for excessive hours worked by 14- and 15-year-old students.

Nugent reportedly conceded that existing fines should be stiffened to deter violations and pointed out that Jack in the Box had stopped hiring the younger workers, a practice he said began in 1988 because of the difficulty in recruiting older employees. "We have ended that brief chapter of our operations," Nugent was quoted as telling the panel.

Lantos, the California Democrat whose subcommittee is holding nationwide hearings on the bill he co-authored to criminalize violations involving fatalities or injuries, said child-labor law infractions of all types increased from 10,000 in 1983 to more than 40,000 last year.

The federal government conducted several sweeps last year to catch violators of national teen-labor laws. Thousands of infractions were found within fast-food restaurants, spurring Congress to stiffen the penalties severely.

Foodservice officials have maintained that operators inadvertently violate the laws because they do not understand the complex regulations. Simpler rather than harsher rules are needed to correct the problem, they maintain.

BK's largest Canadian licensee pulls out of system

EDMONTON, Alberta — Burger King's largest Canadian franchisee has departed from the system, citing disappointment with its franchisor's assistance in trying to reverse a three-year same-store sales decline.

CFI Restaurants Inc., a 15-unit BK licensee, said it would convert its stores into Jake's, a new Canadian fast-food concept operated by Jakes Restaurant's Inc., a sister operation of CFI.

"CFI has been a Burger King franchisee for 15 years," said Robert F. Beeson, president of CFI and Jake's. "For the past three years we have been disappointed in Burger King's inability to address declining sales, customer counts and profitability. We have an opportunity to strike on our own, and we have chosen to do so."

But Mike Evans, a BK spokesman, said CFI had a contract that was due to expire this month and neither BK nor CFI initiated any negotiations to renew the agreement.

Evans said the chain would have 197 restaurants in Canada after CFI departs.

Brigham's prexy leads chain buyout

ARLINGTON, Mass. — Milton Namiot, president and chief executive of Brigham's, a 60-unit family restaurant chain and ice-cream manufacturer here, has teamed up with a venture capital group to purchase the company from owner Bennett LeBow.

Terms were not disclosed.

Namiot indicated he plans to use the financing supplied by Grotech Partners, the Baltimore-based capital group that funded the acquisition, to open 25 to 30 Brigham's units over the next five years.

Church, Tribune's Mary Meade, killed in robbery attempt

CHICAGO — Ruth Ellen Church, a well-known Midwestern food critic and cookbook author who wrote under the name Mary Meade, was found murdered in her home, the apparent victim of a bungled burglary. She was 81 years old.

As Mary Meade, Church began writing about food for the Chicago Tribune in 1936. She retired from the paper 38 years later, in 1974.

Among her contributions were the development of a test kitchen for the newspaper and the 1962 launch of what is generally regarded as the first regular wine column to appear in American media.

Her cookbooks include "Entertaining with Wine" and "The Indispensable Guide for the Modern Cook."

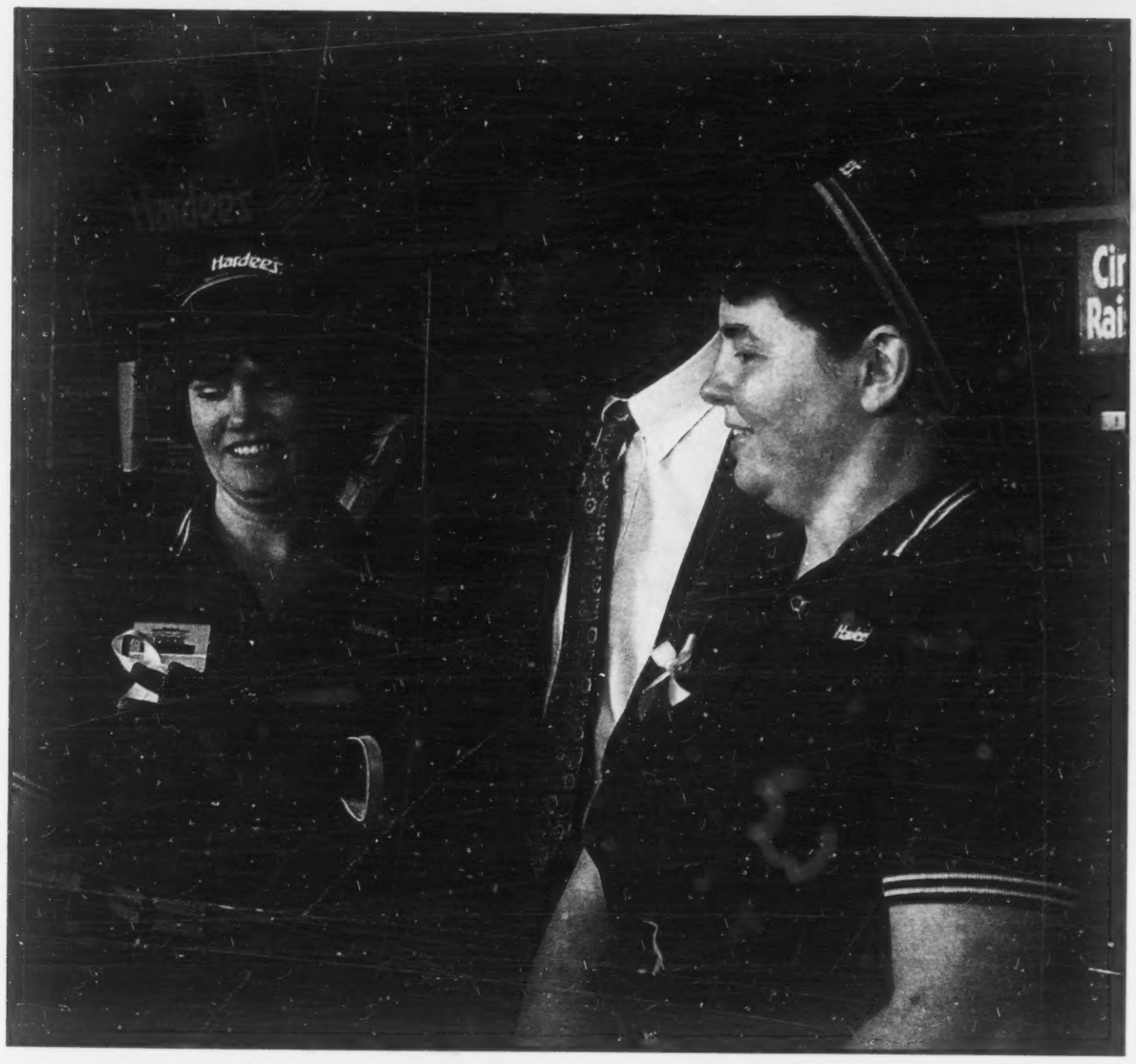
Disney-MGM chef narrowly beats Universal's entrant in Fla. competition

ORLANDO — In a dramatic culinary showdown, Reimund Pitz, Disney-MGM Studios executive chef, edged out Universal Studios Florida executive chef Steve Jayson by just 1/100th of a point to defend his title as Florida's best seafood chef two years running.

Outcooking a field of 15 top chefs from across the state, Pitz and Jayson both won gold medals in the prestigious Governor's Cup Seafood Challenge, which is held annually during the Florida Restaurant Association-sponsored Southeast Foodservice Expo.

"It was the closest kitchen battle we've ever had to judge," said Philip Guilbeault, who is executive chef at Mission Inn resort at Howey-in-the-Hills, Fla., and chaired five culinary competitions during the 1991 Expo.

SEGMENT STUDY: FAST FOOD



Chris Gallant, center, chats with two employees at his Linthicum, Md., Hardee's.

Minority Franchised Operations Within Selected Restaurant Chains*

Chain	Number minority operators	Number minority units	Total franchised units in chain
Jack In The Box	44	143	397
Burger King	180	518	4,720
Church's Chicken	NA	220	358
Arby's	56	NA	2,100
Hardee's	22	35	3,090
Domino's Pizza	NA	275	3,997
Ky. Fried Chicken	69	166	3,200
Dairy Queen	NA	450	4,620
Blimpie	NA	127	440
Taco Bell	44	130	1,376
Wendy's	23	88	2,500
7-Eleven	NA	1,124	3,035
McDonald's	420	830	7,100

*Does not include white women
Source: Company reports and estimates

Recruiting minority franchisees: A bumpy road to chain expansion

Despite a beefed-up effort by many chains, minority licensee recruitment still has a long way to go — with many social and economic factors standing in the way

(Continued from page 1)

tougher bank requirements, and a deep sense among some minorities, especially blacks, that the restaurant field is a dead-end career. What may be even more insurmountable is the fact that most chains are not franchising at all.

Nevertheless, some companies, motivated by the nation's changing ethnic and racial complexion and increasing minority customer visits, say they are renewing their efforts to find minority operators.

"Given current market trends, pointing to a more diverse consumer and demographic base, we feel we really have to step up our minority and women franchise recruitment efforts," says Glenn Mueller, vice president of franchise operations for Domino's Pizza. "We feel we need a bigger and broader base, especially given the way things are heading."

However, Domino's, which has reported in the past that 9 percent of its 3,900 stores are run by minorities, faces a markedly more difficult challenge than do many other chains since it demands that franchisees come from the ranks of existing franchises or company operations.

According to W. Maurice Bridges, Hardee's corporate spokesman and head of the company's recruitment efforts, "It's really not necessary to have black operators cater to black consumers.

"But it is important to have black operators, in our view, because it brings in a loyal minority customer base if it is generally well recognized that Hardee's is sensitive to black concerns and is working to develop black entrepreneurs."

Twenty-two minority operators run 35 restaurants in Hardee's 3,090-unit franchised system.

Walt Simon, Kentucky Fried Chicken's vice president of development, whose responsibilities include building a minority franchise base and searching for minority purveyors, asserts that minority franchise recruitment makes good business sense.

"The demographics are changing, and more and more minorities are entering our stores," he explains. "So it only makes sense that we would support the people who support our business.

"We intend to go after and recruit from all minority groups, but right now if there was a slight tilt toward any one, it would be the Hispanic community."

Despite such open-arms proclamations, the new search for minority franchises confronts a tough reality: The restaurant industry is growing very slowly. With saturated markets, a recession, stingy banks, inflated real estate and higher operating costs, domestic franchise growth has slowed to a crawl.

According to NRN's annual market survey of the 100 biggest restaurant chains, franchise expansion is projected to grow only 4.3 percent between 1990 and 1991, from a base of 62,278 units to 65,002. Between 1989 and 1990 franchisee unit growth increased 5.1 percent.

Companies like Pizza Hut are opening more company units, and McDonald's is selling underperforming stores to existing franchisees domestically. Some chains, like Taco Bell and Jack In The Box (which has nearly a third of its franchised units operated by minorities), are not looking for new franchisees.

Amidst that backdrop, the recruitment and retention of minority franchisees has taken a backseat for some chains.

*(See **MINORITY**, page 42)*

SEGMENT STUDY: FAST FOOD

Minority franchisee recruitment: A bumpy road for chain expansion

(Continued from page 41)

And for some systems, antagonism more than partnership describes the relationship between corporate headquarters and their minority licensees.

Perhaps the most pervasive point of conflict centers around the contention held by some minority operators that headquarters does not allow black or Hispanic operators to open stores in white or solidly middle-class market areas.

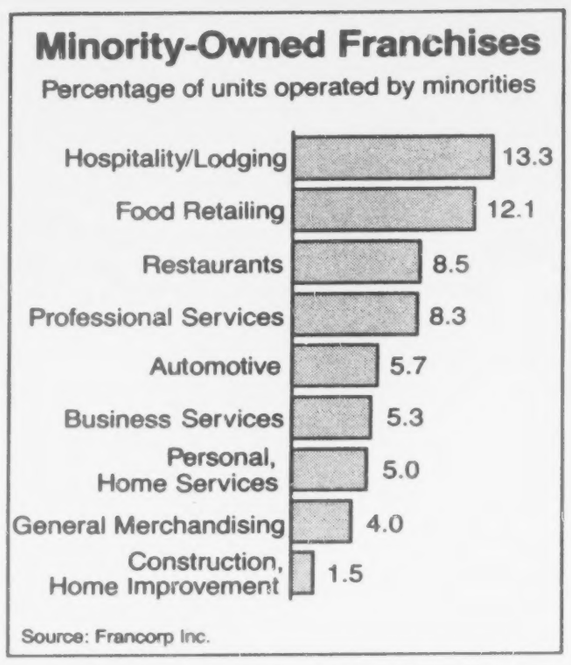
While McDonald's and 7-Eleven have been accused by some of their minority franchisees for "franchisee redlining" over the years, Burger King currently is locked in a court battle on the same issue by some of its licensees, who are seeking $500 million in damages for racial disrimination and restraint of trade practices.

The plaintiffs in the BK suit recently upped the ante by asking a federal judge in Miami to upgrade their litigation into a class-action status to encompass every minority operator in the system.

McNair Grant, executive director of the International Trade Bureau of Operation PUSH, which helped create a convenant with BK to establish a base of minority franchisees and which actively monitors minority franchising issues in the restaurant industry, charged that the steering of minority operators to minority or lower socioeconomic communities is a widespread problem throughout the restaurant field.

"It's all right for white franchisees or company stores to develop minority communities, but most restaurant companies don't grant that same flexibility to minority operators who want to open in white communities," he says. "They seem to have major problems with that."

Pizza Hut faces similar complaints by some of its former and current licensees who are black, but they have never taken the Pepsico subsidiary to court over the matter.



Instead, the licensees say, when they complained they needed more support and pleaded to be assigned store sites in prosperous areas outside of the inner city, the company steadfastly refused.

"I just don't think Pizza Hut really knew how to do business in big cities with large minority communities," says Dr. Othello Curry, a black veterinarian who ran four Pizza Hut units in Philadelphia for seven years before he pulled the plug in 1990. "They wouldn't even send a representative to my first grand opening, not even from the regional office, and here's the mayor of the city there."

Vince Berkeley, Pizza Hut's vice president of equal employment opportunity and minority affairs, admits that Pizza Hut made some mistakes seven to eight years ago when, after 30 years of small-town and rural expansion, the chain began to grow in big cities. By that time, he notes, most of the chain's operators had been in the system for 30 years and had developed sophisticated operations that did not require the assitance of headquarters.

"The fact of the matter is we put people in business who did not know a lot about the restaurant business," Berkeley explains, adding that the minority franchisee recruitment program has been overhauled and would not duplicate the mistakes of yesteryear.

Pizza Hut is also drawing the ire of Hispanic civil-rights groups and the Congressional Hispanic Caucus over its lawsuit seeking the disenfranchisement of the system's third-largest licensee, Arturo Torres, president of Pizza Management Inc. in San Antonio.

When PMI sued Pizza Hut for refusing to let it go public a few years ago, Pizza Hut sued to disenfranchise the 240-unit licensee. What started out as a purely contractual battle between a franchisee and its franchisor is being played out in the Hispanic community as a racial fight.

Pizza Hut insists that the battle is only over PMI breaking its contract by trying to go public.

On top of those brouhahas, there are white franchisees who question the fairness of paying royalties to a franchisor who has erected elaborate programs to benefit minorities while they cannot share in the same franchisee benefits, some operators say.

Herman Cain, president of Godfather's Pizza, easily the best-known black executive in the industry, says he has trouble recruiting minority operators, especially black licensees.

"I think it is unfair and incorrect to blame race as the only reason for the lack of minority licensees in our business," Cain remarks. "The fact of the matter is that many minorities are first-generation members of the middle class and are reluctant to risk their money and equity on a franchise. Non-minorities are second-, third-, and fourth-generation middle class to a great extent and have that financial strength."

In addition, Cain argues that many middle-class and educated blacks are still burdened by a historical perception that the foodservice industry is a dead-end career where blacks have been relegated to menial, low-paying, tedious jobs.

Grant, the Operation PUSH executive, indicates that blame is on both sides of the fence.

He notes that minority franchisees, attracted to high restaurant sales volumes, too often take over stores in need of renovation and are forced out of business when they are unwilling to make the property improvements to attain sales goals.

"We're really concerned about how minorities get into the business in the first place," he explains. "A lot of minority entrepreneurs are being put out of business because they overlook the fact that they are getting a 20-year-old store and they are not going to do the high sales without putting some money back in the business."

But he says what Operation PUSH is working to secure with Burger King, and which ought to be the objective for the industry at large, is the goal of achieving minority-run restaurants whose numbers are equally proportional to the amount of sales the chain earns from minority consumers.

"We're very pleased with the strides

*(See **CHAINS**, page 43)*

Two franchisees prove dreams *can* come true

by Milford Prewitt

In an era when some restaurant companies are reviving their drives to recruit minority franchisees, Vivian Dominguez and Chris Gallant stand out as two reasons why minority operators have made good business sense for Kentucky Fried Chicken and Hardee's, respectively.

Dominguez, a Mexican-American who operates 10 KFC units out of his Las Cruces, N.M. headquarters, is one of the chain's most successful and most seasoned operators, having acquired his first franchise with nothing more than a personal handshake with the late Colonel Harland Sanders 26 years ago.

Gallant, a black franchisee of a single Hardee's in suburban Baltimore and one of the chain's youngest operators at 35 years old, is exploring the possibility of opening a second store after a careful 3.5-year tutelage in Hardee's minority franchising program.

For both the men and their respective chains, the relationship has proved to be mutually profitable.

While neither man knows each other and in many ways represents opposite ends of the experience and wealth spectrum, the bridge that ties them together is an ambition most franchisors say they relish: entrepreneurs who are driven to work for themselves.

Dominguez and Gallant also share a deep loyalty to their franchisors but for different reasons.

For Gallant, Hardee's was the only fast-food restaurant chain he knew as a boy growing up in Georgetown, S.C. It wasn't until years later, when Burger King and McDonald's arrived in the

Vivian Dominguez

area, that Gallant realized there were other fast-food restaurants.

For Dominguez, KFC made it very easy to become successful. He says KFC struck him as a company that genuinely wanted to see him succeed, and it was never condescending because he was a minority.

"I never had a problem with them as a minority operator," he says. "I had no problem getting financing or anything. They always made it easy to work, and now, 26 years later, you see they are looking for more minorities and are asking our input in the advertising."

Dominguez, whose company is looking to make $5.5 million in sales this year, employs 210 workers, 50 percent of them Hispanic. He has won several of the chain's operations and cleanliness awards.

A former captain in the Army and a graduate with honors from South Carolina State University, Gallant says a lifelong "entrepreneurial itch" is probably what motivated him to leave the service.

Even as a youth, Gallant says, he sold ice cream as a sidewalk vendor.

"I had every reason not to become an entrepreneur," he says. "I had a good military career with promotions, and my career seemed pretty set to remain in the service.

"But I could not shake this bug."

Gallant, who took over a marginal company store in Linthicum, Md., has increased the unit volume from $650,000 a year to $850,000. While the sales level is about $100,000 below the chain average, Gallant is undaunted.

"I've been profitable every year I've been in business," he explains. "And I'm at the point right now where I think I'm becoming an operational expert, but that could not have happened without the support Hardee's gave me. They've been very beneficial."

Gallant notes that he dabbled in two other businesses before he decided to become a Hardee's franchisee.

Besides retaining his childhood memories of Hardee's, Gallant notes he was impressed by written descriptions on Hardee's franchisee program, coming at a time when he was sensitive to reports about the difficulties black franchisees were having in Burger King and McDonald's.

"I can say Hardee's has treated me quite well," he remarks. "There's been no interference from them." By way of stressing Hardee's support, Gallant notes that his unit, a former company operation — which he is buying through the minority franchising program — is located in a predominantly white, middle-class area. The unit employs 38 people.

Dominguez recalls that when he initially became a franchisee, most of the restaurant industry was full service, with none of the up-and-coming fast-food chains limited to just one product, like chicken.

But as the industry matured with more reliance on technology and higher entry expenses and operating costs, Domiguez says he is fortunate that he entered the business when he did.

"It was a little easier to get started back then," he points out. "Today, by the time you open, you're looking at a store that cost you $600,000 to $700,000. But even at that, KFC gives you the means to make it work."

Despite their successes, Dominguez and Gallant warns that being a restaurant franchisee is not for everyone.

"If you're the kind of guy who wants to run a business by standing at the cash register and not letting anyone else handle the money, this business is not for you," Dominguez warns. "Sure you're going to have people who will try and get you, but you have to trust the people in your organization. That's the only way you are going to grow."

Gallant's caution about the business is more personal.

"You have to make sure that you are willing to make the commitments necessary so that you can balance everything else in your life with the business," Gallant says, "and that is not easy."

OPINION

Computer pays off by keeping business costs low

Griswold Inn
Essex, Connecticut

Operation: Independent, upscale restaurant, in a 25-bed country inn. 250 seats in 4 dining rooms; 30 seats in the Tap Room, which serves lunch.
Menu: American/Continental.
Meals served: Lunch, dinner, continental breakfast to inn guests.
Check average per person: Lunch $12; dinner $25, not including alcoholic beverages.
Annual food purchases: Approximately $1.25 million.
Key buyer: Robert Gaffman, director of purchasing.

"We paid back the cost of the computer inside of six months," explained Robert Gaffman, director of purchasing for the Griswold Inn, Essex, Conn. "And that's if you just consider the savings in labor from taking inventory. We also save labor on purchasing, and we keep our food costs down using the computer."

Gaffman joined the inn, which dates from 1776, about two years ago from a background in non-commercial and corporate dining. He's a graduate of the Culinary Institute of America. "I'm director of maintenance as well as director of purchasing," he explained. "I also function as right-hand man for the inn's owner and general manager, William Winterer."

When Gaffman arrived at the inn, he found purchasing in "pretty good shape," but he felt there wasn't enough cost control on purchases.

"Sales reps came in, orders were given and there wasn't any competitive element in purchasing," he said. "I bought a laptop computer, an IBM-PC type, and installed a software program that I used before I joined the inn."

The computer system, initially developed by Houk & Soles for a Midwestern distributor, does just about everything that Gaffman finds necessary. "If our distributors were set up for it, we could send our purchase orders directly to their computers by modem," he noted. "But as it is, we can fax in the orders, phone them in or hand them to a sales rep."

One major function the program performs is comparing bids. "We give our full-line distributors a bid list at the end of each month," Gaffman explained. "When they get the bids back to us, I enter them into the computer. The computer defaults to the lowest bid price for each item that meets the standard and assigns it to the vendor that submitted it. When we order that product, it comes out on the purchase order for that vendor. I can override the program, but I personally don't have to get on the phone and negotiate for nickels and dimes."

Gaffman admitted that it caused some distress among sales reps. "They came to me and asked, 'What happened? I used to have 50 percent of your business.' My answer was simply, 'Your prices weren't competitive this month. With this system, it isn't possible to lowball a few items and win the bulk of our business.'

"We give everybody an opportunity to put pencil to paper and work out the best prices. But we won't tolerate lowballing to get in the door, with the idea of hiking prices later when we're accustomed to the relationship. The bidding system we're using now weeds those suppliers out quickly."

Although the inn doesn't use written specifications, Gaffman said he sat down with each distributor and went over their requirements in detail. "We buy a lot of our grocery products by brand. That way everyone knows what they are bidding on."

The computer also flags price changes during the period covered by the bid when the invoices are entered. And it updates all recipe costs when a price changes.

"We also get a worksheet that allows us to inventory by storage location, rather than by class or by alphabetical listing. This is what cuts down inventory time."

Receiving is an important element of Gaffman's system. "The receiving clerk gets a copy of each purchase order. Everything on the delivery invoice is checked both against the delivery and against the p.o., by count and by label. All random weight items are weighed in."

Every one of the critical meat items are checked personally by one of the chefs. "We order strip loins, tenderloins and prime ribs as subprimals and cut them here," Gaffman explained. "Our primary meat supplier, which has been with us for 18 years, hand selects those items, but our chefs still inspect every one of them. We've built our reputation on our meats, and we want to be sure they meet our standards. Our customers know it if they don't."

All food is dated when it comes into the inn. "It only takes a couple of seconds for the receiving clerk to use a marker to put the date on each package we receive," Gaffman said. "That way we can be sure we're rotating the food properly. And if we run into something that isn't right later, we can go back to the specific invoice. And our suppliers will take it back."

A special promotion for winter presents some challenges to Gaffman. "We offer a month-long traditional, Colonial-style Christmas Feast built around game dishes," he explained. "I had to find moose (I found 1,000 pounds from New Zealand), rabbit, goose, quail, smoked oysters, venison, and we have to find ingredients for traditional desserts like cranberry pound cake. I depend a lot on my suppliers."

Last year the Griswold Inn also set up a special menu promotion for the winter months, starting in January, which was an additional challenge for purchasing. "We met with the Connecticut agriculture department and developed a 'Connecticut Bounty' menu consisting of products produced in this state in the wintertime, which we ran as a $15.95 prix-fixe dinner. We had menu items from each of the state's eight counties, even ale from New Haven. There was fresh trout from a trout farm here, game pie — venison and rabbit — and a whole host of vegetables.

"We had to set up reliable sources for each of these.

(See COMPUTER, page 45)

Finding the reason behind lost beverage sales

The cartoon character Pogo said it many years ago: "We have met the enemy, and he is us." Translate that to on-premises sales today, and it means, Don't blame the public for lost beverage business; maybe you're the one who's dropped the ball.

A good example is an experience I had at a restaurant in the Berkshire Mountains in western Massachusetts recently. We'd stopped at a fine restaurant, were told we'd have to wait and went to the bar. The bartender's "What'll you have?" was as close as we got to any beverage alcohol salesmanship the entire evening.

The waitress at our table certainly made no suggestions although someone did place a wine list on the table so discreetly that I almost didn't find it. Don't even think to ask if anyone suggested an after-dinner drink.

That was my experience. Jerry Greenstein, director of on-premises marketing for the House of Seagram, could write a book about the shockers he's come up against in the past year. He is, in fact, rewriting the book on beverage alcohol marketing, and some of his suggestions are so practical that you have to wonder why no one put these ideas together before now.

Take room service with a typical spirits list, $65 for scotch, $45 for bourbon, $35 for rye. Geenstein asks management how many bottles they sell. At those prices, very few.

Greenstein's approach is "Why have it in the menu if it doesn't sell?" Perhaps you're offering the wrong size of beverage alcohol. Why not think about marketing, say, a 200-milliliter bottle of rum with a bowl of shrimp and some coke, or VO or Canadian with a bowl of chips or nuts? Hotel executives have bought that idea eagerly — why didn't someone suggest it before? — and it's paying off now for several groups.

But what about those shockers he's come across? Forget servers who don't offer drinks or attempt to trade up customers.

What about waiters who don't know the difference between scotch and single malts, Chardonnay and Chablis or the price of a VS Cognac compared with a VSOP? What about management that buries small drinks in large glasses and serves large drinks in small glasses and makes a Manhattan with Canadian Mist in one outlet, with Early Times in another and Jim Beam in a third location?

Greenstein and his crew have run into all of those and more in audits they've done for hotels and fine-dining chains as part of what they call the ABS system. That stands for alcoholic beverage strategy, and their program, which exemplifies the supplier's role as a partner in today's market, involves a huge research job that produces recommendations to improve beverage alcohol sales.

Given complete access to sales figures and operating data, Greenstein's crew asks tough questions, examines the entire operation and develops a strategic plan for each concept within a hotel chain or restaurant group.

For example, in the ABS system, a fine-dining restaurant should be heavily skewed toward premium spirits with a large selection and a well-rounded wine list. In a hotel's three-meal dining concept, premium beverages play a lesser role, but there are definite opportunities for specialty drinks.

The overall strategy emphasizes a few key points we all know but often fail to put together and implement correctly.

- The emphasis must shift from multiple drinks per customer to selling more customers and trading up.
- Merchandising value added will become a key tactic, and utilizing premium brands will reinforce that perceived value.
- The consumer must be directed to the category and product selection that management wants to sell. Servers must be schooled in recognizing and recommending the most profitable categories and brands and skilled in trade-up techniques.

The second part of Greenstein's Anti-Bad Sales strategy emphasizes pre-dinner and post-dinner sales by menu engineering featuring separate drink menus for each stage.

"You walk into a fine-dining establishment," says Greenstein, "and often there's no bar in sight. How do they market beverage alcohol?

"Is it in the dinner menu? No. In the appetizer menu? No. In the dessert menu? No. Where is it? The only effort is a server possibly asking, 'Would you like a drink?' They've effectively abandoned marketing of alcoholic beverages.

"We've studied what triggers a purchase, and we're finding that the use of a menu handed to a customer increases the probability of purchase."

So Seagram now offers 60 menu shells, eventually as many as 150 color menus with sporting, seasonal, holiday, touristic, patriotic and gourmet approaches, each featuring a line of classic cocktails geared to specific restaurant concepts.

"We haven't reinvented the wheel," Greenstein observes. "We have simply dissected key areas involved in beverage alcohol programs, examined marketing and operational issues, and come up with programs that will improve sales and margins."

Wine of the Week

1988 Louis Martini Pinot Noir Los Carneros Napa Valley

It's drinking well now, but give this one another two years and it'll be a beauty — a well-balanced, smooth wine with intense, long-lasting flavors. The nose has notes of mint, coffee and strawberries. A fine Pinot from a consistently good winery. About $70 a case wholesale.